



Q1 Fiscal Year 2026 Earnings Call

November 19, 2025

Safe Harbor

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical or current facts, including, without limitation, statements regarding the cybersecurity threat landscape, our platformization strategy and related progress and opportunities, expectations regarding annual recurring revenue, remaining performance obligation, product development strategy and expectations regarding artificial intelligence (AI), financial outlook for the second quarter of fiscal 2026 and fiscal year 2026, mid- and long-term financial expectations, the expected future benefits to us, CyberArk Software Ltd. (“CyberArk”) and Chronosphere, Inc. (“Chronosphere”) and our and their respective customers from completing our pending transactions with CyberArk and Chronosphere, the anticipated future integration of our and CyberArk’s and Chronosphere’s capabilities and the benefits they will deliver, the expected completion of our pending transactions with CyberArk and Chronosphere, the expected timing of the pending transactions with CyberArk and Chronosphere, the proposed accretion to free cash flow, revenue growth, and gross margin, the timing and amount of the synergies from the pending transactions with CyberArk and Chronosphere, modeling points, business and economic conditions and challenges, and other financial, operational and business expectations, made in this presentation are forward-looking. We use words such as “anticipates,” “believes,” “continue,” “estimate,” “expects,” “future,” “intends,” “may,” “plan,” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results could differ materially for a variety of reasons that are beyond our control and changing rapidly.

There are a significant number of factors that could cause actual results to differ materially from forward-looking statements made or implied in this presentation, including: developments and changes in general or worldwide market, geopolitical, economic, and business conditions; failure of our platformization product offerings; failure to achieve the expected benefits of our strategic partnerships and acquisitions, including the pending transactions with CyberArk and Chronosphere; changes in the fair value of our contingent consideration liability associated with acquisitions; the occurrence of any event, change or other circumstance that could give rise to the termination of the pending transactions with CyberArk or Chronosphere; our ability to successfully integrate CyberArk’s or Chronosphere’s businesses, operations and technologies; the risk that the expected benefits and synergies of the proposed transaction may not be fully achieved in a timely manner, or at all; the risk that we, CyberArk or Chronosphere will be unable to retain and hire key personnel; the risk that the conditions to the pending transactions with CyberArk and/or Chronosphere are not satisfied on a timely basis, or at all, or the failure of the pending transaction with CyberArk or the pending transaction with Chronosphere to close for any other reason or to close on the anticipated terms; the risk that any regulatory approval, consent or authorization that may be required for the pending transaction with CyberArk or the pending transaction with Chronosphere is not obtained or is obtained subject to conditions that are not anticipated or that could adversely affect the expected benefits of the transaction with CyberArk; significant and/or unanticipated difficulties, liabilities or expenditures relating to the transaction with CyberArk or the transaction with Chronosphere; the effect of the announcement, pendency or completion of the proposed transaction with CyberArk on ours and CyberArk’s business relationships and business operations generally; the effect of the announcement or pendency of the proposed transactions with CyberArk or Chronosphere on our common share price or CyberArk’s ordinary share price and uncertainty as to the long-term value of our common stock or CyberArk’s ordinary share; risks related to disruption of management time from ongoing business operations due to the pending transactions with CyberArk and Chronosphere; the outcome of any legal proceedings that may be instituted against us, CyberArk or our respective directors; risks associated with managing our growth; risks associated with new product, subscription and support offerings, including our product offerings that leverage AI and the expansion of our offerings into the identity security and observability spaces following the closing of the respective pending acquisitions of CyberArk and Chronosphere; shifts in priorities or delays in the development or release of new product or subscription or other offerings, or the failure to timely develop and achieve market acceptance of new products and subscriptions as well as existing products, subscriptions and support offerings; failure of our business strategies; rapidly evolving technological developments in the market for security products, subscriptions and support offerings; defects, errors, or vulnerabilities in our products, subscriptions, or support offerings; our customers’ purchasing decisions and the length of sales cycles; our competition; our ability to attract and retain new customers; our ability to acquire and integrate other companies, products, or technologies in a successful manner; our debt repayment obligations; and our share repurchase program, which may not be fully consummated or enhance shareholder value, and any share repurchases which could affect the price of our common stock.

For additional risks and uncertainties on these and other factors that could affect our financial results and cause actual results to differ materially from those described in the forward-looking statements we make in this presentation are included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in our Quarterly Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on August 29, 2025, which is available on our website at investors.paloaltonetworks.com and on the SEC’s website at www.sec.gov. Additional information will also be set forth in other documents that we file with or furnish to the SEC from time to time. All forward-looking statements in this presentation are based on our current beliefs and information available to management as of the date hereof and are inherently uncertain, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Non-GAAP Financial Measures

All information in this presentation is as of November 19, 2025. This presentation contains non-GAAP financial measures and key metrics relating to the company’s past and expected future performance. We have not reconciled diluted non-GAAP earnings per share guidance to GAAP earnings per diluted share, non-GAAP operating margin to GAAP operating margin or adjusted free cash flow margin guidance to GAAP net cash from operating activities because we do not provide guidance on GAAP operating margin, GAAP net income (loss) or net cash from operating activities and would not be able to present the various reconciling cash and non-cash items between GAAP and non-GAAP financial measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted, including share-based compensation expense, without unreasonable effort. The actual amounts of such reconciling items will have a significant impact on the company’s GAAP net income per diluted share and GAAP net cash from operating activities.

Nikesh Arora

CEO & CHAIRMAN



Palo Alto Networks Q1 at a Glance: Strong Start to the Year

Top-Line Metrics Ahead of Guidance

Q1'26 RPO

\$15.5B

+24% y/y

Q1'26 NGS ARR¹

\$5.85B

+29% y/y

Q1'26 Revenue

\$2.47B

+16% y/y

Continued Focus on Profitable Growth

Q1'26 Operating Margin (non-GAAP)

30.2%

+140 bps y/y

Q1'26 EPS (non-GAAP)

\$0.93

+19% y/y

Q1'26 Adj. Free Cash Flow (non-GAAP)

\$1.71B

+17% y/y

Q1'26 Adj. FCF Margin (non-GAAP)

69.2%

¹ Our Next-Generation Security Annualized Recurring Revenue ("NGS ARR") represents the annualized allocated revenue of all active contracts as of the final day of the reporting period related to all product, subscription and support offerings, excluding revenue from hardware products, and legacy attached subscriptions, support offerings and professional services.

Reconciliations of historical non-GAAP measures can be found in the Appendix.

Fiscal year ending on July 31.

Platformization Momentum: Landmark Q1 Wins

		Total NGS ARR ¹ For Customer
<p>Large US Telco Provider Largest XSIAM deal to date</p>	<p>\$100M Deal</p> <p>The customer platformized on XSIAM, signing our largest deal ever for that product, and also purchased additional NetSec. This customer is now platformized on SecOps and NetSec.</p>	\$39M
<p>US Cabinet Agency SASE replacement win</p>	<p>\$33M Deal</p> <p>Customer purchased SASE for 60k seats, displacing a large incumbent SASE vendor.</p>	\$16M
<p>Large European Defense Company NetSec Platformization</p>	<p>\$29M Deal</p> <p>Customer platformized their Network Security spend through an ELA, expanding their Network Security spending. The customer also has landed on Security Operations and Cloud Security</p>	\$8M

¹ Represents the total NGS ARR for the applicable customer as of the end of Q1 '26.

Continued Growth in SASE and Software Form Factors Drove NetSec in Q1

SASE¹ | Fastest Growing ARR at Scale²

>\$1.3B SASE ARR,
growing 34% y/y

~6,800 SASE Customers,
growing 18% y/y

~1/3rd of Fortune 500
customers use Palo Alto
Networks SASE

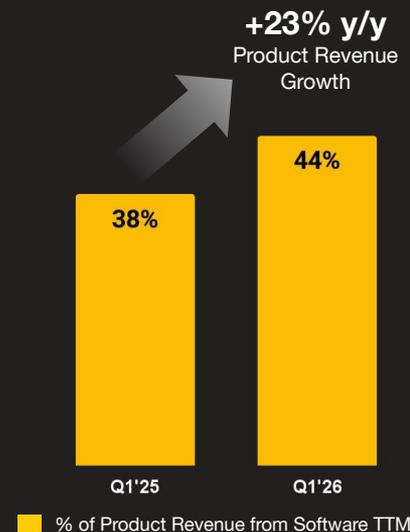
Secure Browser | The Future OS of the AI-Driven Enterprise

>7M Secure Browser
Licensed Seats,
up >7x y/y

~25% of SASE seats sold in Q1
were for **Secure Browser**

~1,200 Secure Browser
Customers,
up >7x y/y

Higher **Software** Mix Continues to Drive Firewall Business

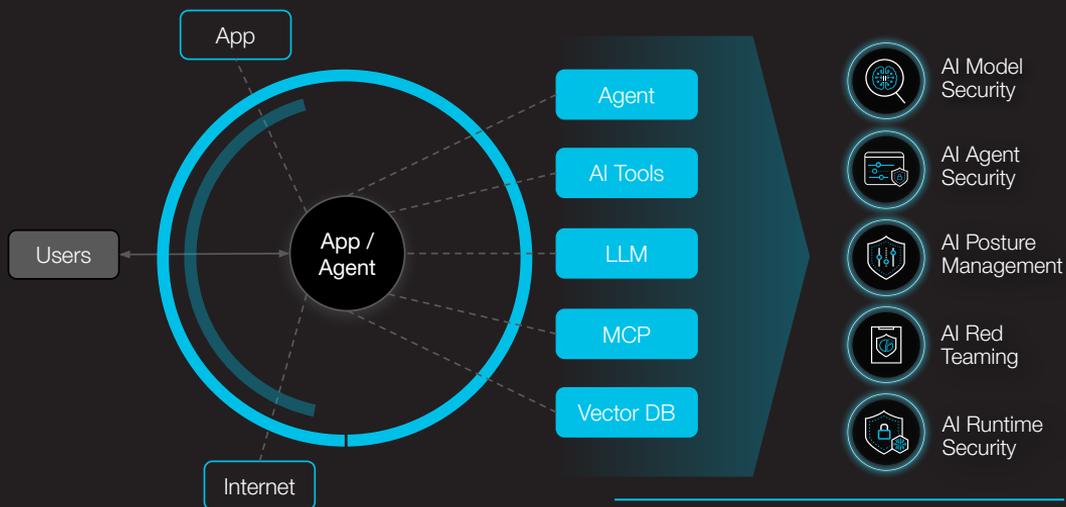


¹ SASE ARR and Customers includes Prisma Access and Prisma SD-WAN, PANOS SD-WAN, SaaS Security, and DLP subscriptions.

² Fastest growing SASE ARR measured against competitors that publicly disclose SASE ARR of greater than \$1B

Prisma AIRS Continues to be the Most Comprehensive AI Security Platform

Prisma AIRS 2.0



Prisma AIRS Deals
Up >100% QoQ

New AI Partnerships & Integrations



servicenow

glean

FACTORY

IBM

Quantum Readiness: The Time to Secure is Now

Why Now?

- Quantum **expected to be commercialized by 2029¹**, and **nation-states may be sooner**
- This **will break current encryption standards** in minutes or even seconds
- Quantum-readiness is a **multi-year journey**, and the state of **the enterprise today is not prepared**

New Innovations & Partnerships in Q1 Address an ~\$10B¹ Quantum Security TAM



PANW Gen 5 Firewalls, optimized for Quantum Security



Partnership to deliver end-to-end solution for Post-Quantum Cryptography

PAN-OS 12.1 Orion



Quantum-safe inventory for complete risk visibility and compliance



Upgrade any application to quantum-safe via cipher translation

¹Source: Estimated TAM is based on a Palo Alto Networks estimate using third party data from the Forrester report "2024 Cybersecurity Benchmarks, Global" and BCG report "The Long-Term Forecast for Quantum Computing Still Looks Bright"

Cortex | Continued Strong XSIAM Momentum with AgentiX Launch Revolutionizing Security & IT Operations in Q1

\$85M+

Largest XSIAM deal ever, with a Fortune 50 telco

~470

XSIAM Customers, up over 150% y/y

15 PB

Daily Data Ingestion

>60%
of deployed
XSIAM customers

have reduced **MTTR¹** to
<10 minutes, reduced
from days or weeks

AgentiX

Q1 Launch, **revolutionizing Security and IT Ops** to cut MTTR¹ by 98% with 75% less manual work

¹ MTTR is Median Time to Respond (time from incident creation to incident response). Source: XSIAM customer interviews and XSIAM product telemetry for customers.

CyberArk Acquisition on Track for Q3 Close; Reaffirming FY'28 FCF Margin Target

- **CyberArk shareholders overwhelmingly approved** transaction on **November 13th**
- **Our joint customers are excited** for our future innovation efforts, including **securing AI agents**
- CyberArk standalone execution remains strong, reflected by **record Q3 Net New ARR**
- **On track to close** the transaction in **Q3 of FY'26¹**

Reaffirming

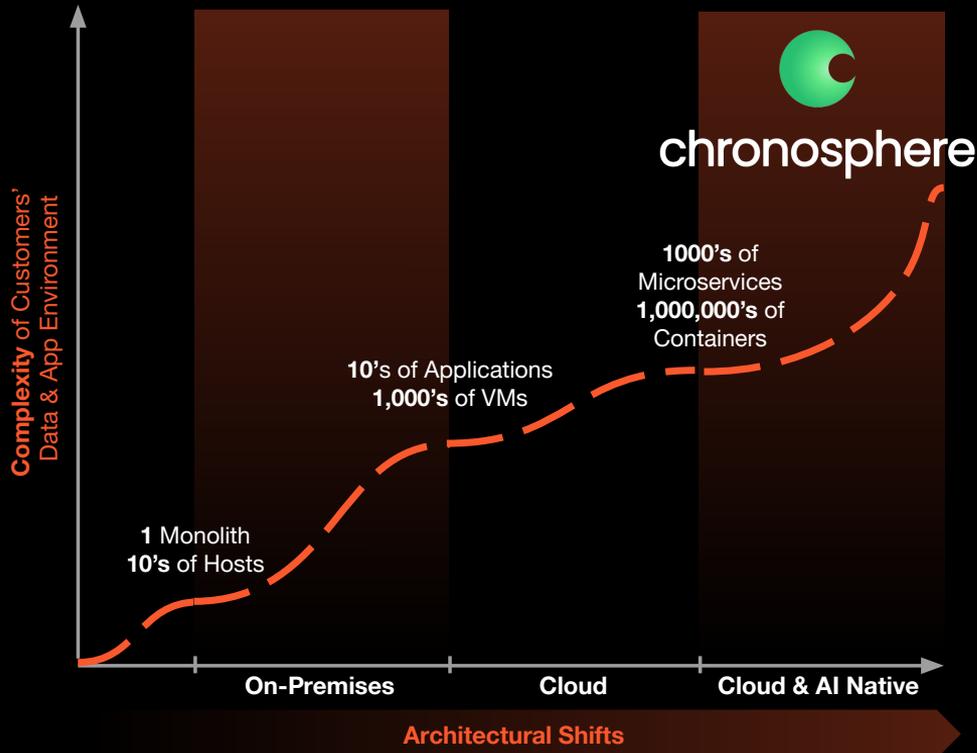
40%+

FY'28 Adj. Free Cash Flow Margin
for total Palo Alto Networks,
inclusive of **CyberArk &
Chronosphere**

¹The proposed acquisition of CyberArk Software Ltd. remains subject to customary closing conditions, including receipt of required regulatory approvals



Why Now? AI is Breaking the Current Observability Paradigm



- **Current Observability stack is cost prohibitive**, given the data consumption requirements of the AI-era
- Large scale **AI deployments will require modern observability**, built to scale with gigawatt deployments of AI

Chronosphere Is The Next-Generation Observability Platform for Cloud & AI



Leading Customer Base of AI-Native and Born-In-the-Cloud Companies

- Chronosphere serves the category-defining companies leading the AI revolution, including **two of the top five frontier models**, and other leading digital-native vendors



Scalable Data Architecture for AI

- **Built for cost optimization**, reliability, low latency, and root cause analysis
- Differentiated data storage technology that scales with large cloud-native environments



Category Leader in a Large TAM

- Large **\$24B TAM** growing double digits¹
- **Youngest Leader** in the Gartner Magic Quadrant for Observability Platforms



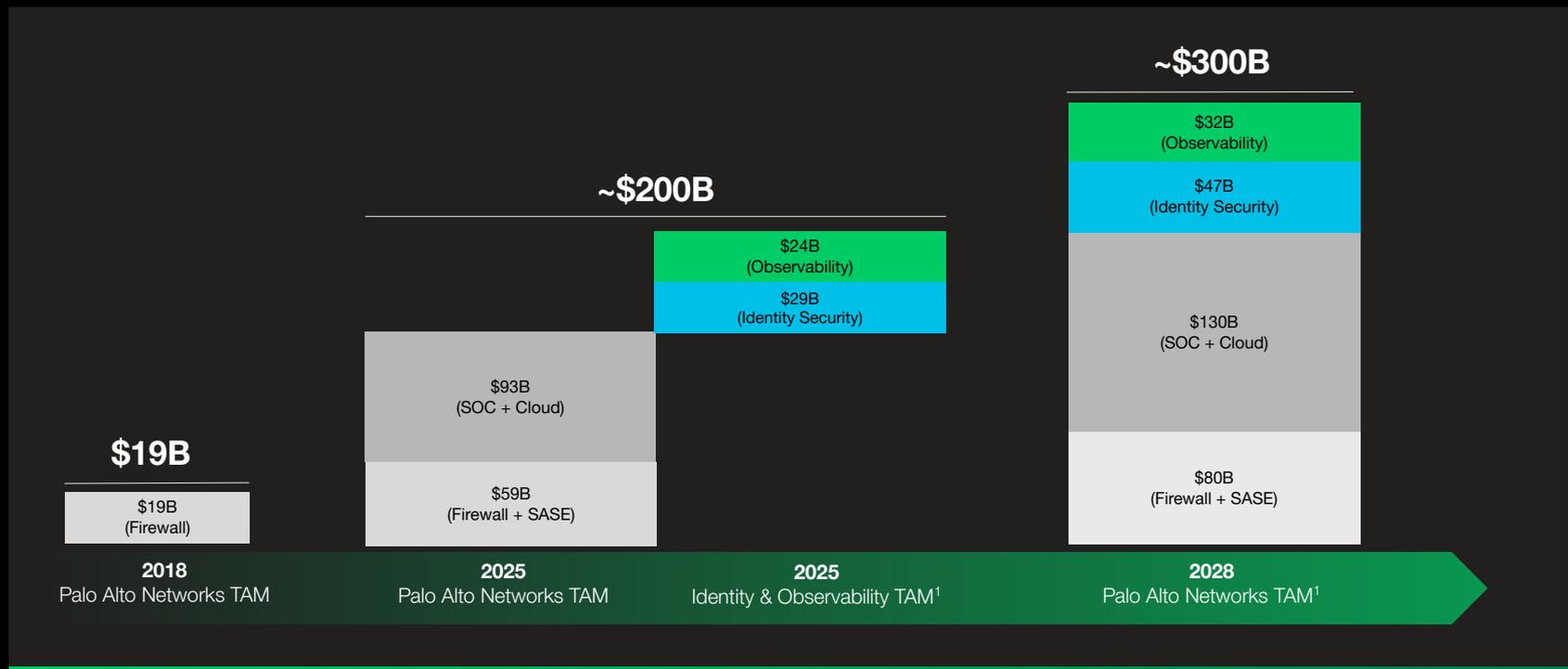
Attractive Financial Profile

- Over **\$160M in ARR**, growing triple digits, as of September 2025²
- 250+ employees, vast majority are US-based

¹Source: Gartner: ITOM Software Forecast 2Q'24

²As reported by Chronosphere management.

Unifying The Full Cybersecurity and Observability TAM



TAM Sources: 2018, 2025, and 2028 TAM using the sources shared in the Palo Alto Networks Q4'23 Earnings Call and Medium Term Update Investor Presentation. Identity Security: IDC Semiannual Security Products Tracker - Forecast for Identity and Access Management, May 2025. Observability: ITOM Software Forecast 2Q'24, "Health & Performance Analysis" TAM.

¹ Subject to the closing of the proposed acquisitions of CyberArk Software Ltd. and Chronosphere, Inc., each of which remain subject to satisfaction of certain closing conditions.

Building on Strong Momentum and Core Innovation, We Are Expanding Our TAM with Two Category Leaders

Palo Alto Networks: Scaling Multiple Billion Dollar Businesses

Scaling **SASE & Cortex** to Several-Billion in ARR

Software Firewall is our Hidden Gem and Next \$1B Opportunity

Early traction in AI Security with Prisma AIRS 2.0; **AgentiX** launch in Q1 pushing further towards autonomous SOC vision

\$210B

2028 TAM²

Identity Security: Our Next Multi-Billion Dollar Opportunity

Approval from **CyberArk** shareholders in November 2025

CyberArk integration planning on track to hit the ground running post close¹

Joint customers excited about the future of **securing Agentic AI**

\$47B

2028 TAM²

Observability & Remediation: Unifying Security & IT

Chronosphere brings Next-Gen Observability built for the AI-age¹

Leading **Customer Base of AI-Native** and Born-In-the-Cloud Companies

Together, we will deliver **real-time, agentic remediation for security & IT**

\$32B

2028 TAM²

This Foundation Puts Us Firmly on the Path to **\$20B in NGS ARR by FY'30**

¹ Subject to the closing of the proposed acquisitions of CyberArk Software Ltd. and Chronosphere, Inc., each of which remain subject to satisfaction of certain closing conditions.

²TAM Sources: 2028 TAM Identity Security: IDC Semiannual Security Products Tracker - Forecast for Identity and Access Management, May 2025. Observability: ITOM Software Forecast 2Q'24."Health & Performance Analysis" TAM.

Dipak Golechha

CHIEF FINANCIAL OFFICER



Chronosphere Transaction Overview

Transaction Considerations

- \$3.35 Billion, in cash and replacement awards, subject to adjustment
- Chronosphere co-founders, Martin Mao and Rob Skillington, and their employees will join Palo Alto Networks post-close

Anticipated Transaction Close

- Anticipated to close during the second half of Palo Alto Networks' Fiscal Year 2026
- Subject to satisfaction of customary closing conditions, including applicable regulatory clearances

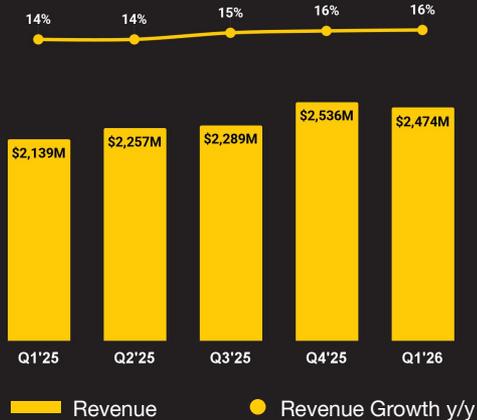
Financial Details

- Over \$160M in ARR, growing triple digits y/y, as of September 2025¹
- 250+ employees, vast majority are US-based

¹ As reported by Chronosphere management.

Q1'26 Top Line Results

Revenue



Remaining Performance Obligation

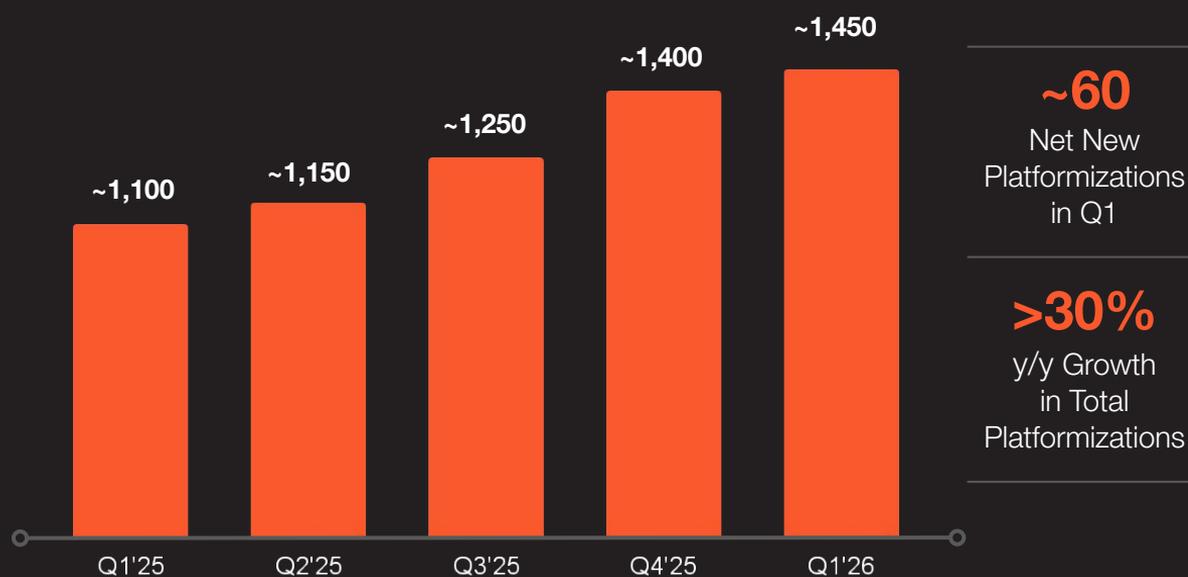


Next-Generation Security ARR



Platformization Continued to Take Hold in Q1

Total Platformizations¹



Customers with >\$5M NGS ARR

169 | +54% y/y

Customers with >\$10M NGS ARR

55 | +49% y/y

¹ Platformization/Platformized defined as: Active ELA contract or >\$1M SASE ARR; >\$1M ARR for Cloud Security; active XSIAM contract or >\$100k QRadar SIEM ARR with Cortex XDR/XSOAR for Security Operations. Total Platformizations defined as a count of all platformizations across customers, with a customer platformized on all three platforms counting as three platformizations, a customer platformized on two platforms counting as two platformizations, and a customer platformized on one platform counting as one platformization. Platformizations are counted within our 5,000 largest customers, based on ARR.

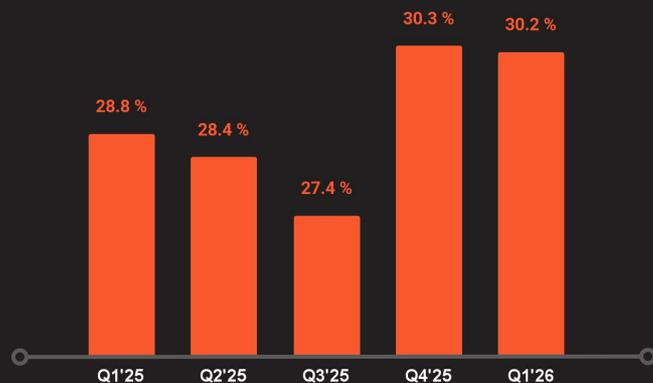
Q1'26 Metrics

	Q1'26 Guidance (as of 8/19/25)	Q1'26 Actual
Total Revenue	\$2.45B - \$2.47B 15% y/y	\$2.47B 16% y/y 
Product Revenue		\$434M
Remaining Performance Obligation	\$15.4B - \$15.5B 23% y/y	\$15.5B 24% y/y 
Next-Gen Security ARR	\$5.82 - \$5.84B 29% y/y	\$5.85B 29% y/y 
Gross Margin (Non-GAAP)		76.9%
Operating Income (Non-GAAP)		\$746M
Operating Margin (Non-GAAP)		30.2%
Diluted EPS (Non-GAAP)	\$0.88 - \$0.90 13% - 15% y/y	\$0.93 19% y/y 
Diluted EPS (GAAP)		\$0.47
Adj. Free Cash Flow (Non-GAAP)		\$1,713M

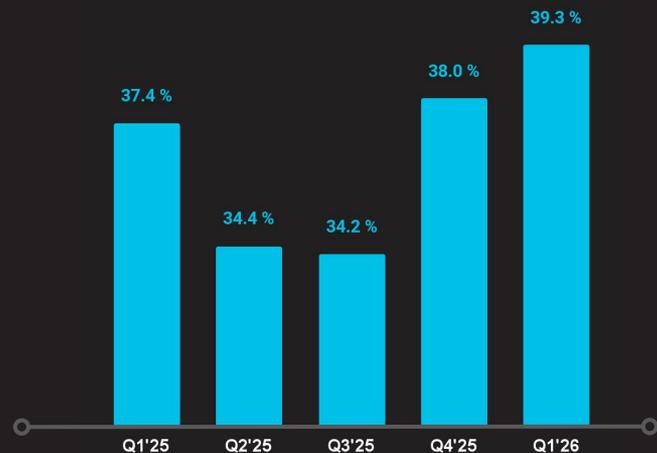
Reconciliations of historical non-GAAP measures can be found in the Appendix.
Fiscal year ending on July 31.

Continued Operating Leverage at Scale, Driving Industry Leading Free Cash Flow Margin

Non-GAAP Operating Margins



Adjusted Free Cash Flow Margin (TTM)



Palo Alto Networks Standalone Q2 & Fiscal Year 2026 Guidance

	Q2 FY'26 Guidance (as of 11/19/25)	FY 2026 Guidance (as of 11/19/25)
Next-Gen Security ARR	\$6.11B - \$6.14B 28% y/y	\$7.00B - \$7.10B 26% - 27% y/y
Remaining Performance Obligation	\$15.75B - \$15.85B 21% - 22% y/y	\$18.6B - \$18.7B 17% - 18% y/y
Total Revenue	\$2.57B - \$2.59B 14% - 15% y/y	\$10.50B - \$10.54B 14% y/y
Operating Margin (Non-GAAP)		29.5% - 30.0% +70 bps - +120 bps y/y
Diluted EPS (Non-GAAP)	\$0.93 - \$0.95 15% - 17% y/y	\$3.80 - \$3.90 14% - 17% y/y
Adj. Free Cash Flow Margin (Non-GAAP)		38.0% - 39.0%

Guidance does not include any anticipated impact from the proposed acquisition of CyberArk and Chronosphere. Reconciliations of historical non-GAAP measures can be found in the Appendix. Fiscal year ending on July 31.

Q&A

Appendix

Modeling Points

- Q2'26 product revenue y/y growth approximately 17%-18%
- Q2'26 and FY'26 non-GAAP effective tax rate of 22%
- Q2'26 net interest and other income of \$100M – \$105M
- Q2'26 diluted shares outstanding 711 – 715 million
- FY'26 diluted shares outstanding 710 – 716 million
- Q2'26 capital expenditures of \$130M – \$140M, including \$90M non-recurring real estate capex
- FY'26 capital expenditures of \$235M – \$245M

SASE Historical Active Customer Counts¹

	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
SASE Active Customers ¹	~5,750	~5,900	~6,250	~6,650	~6,800
<i>Growth y/y</i>	22%	21%	23%	19%	18%

¹ SASE Customers includes Prisma Access and Prisma SD-WAN, PANOS SD-WAN, SaaS Security, and DLP subscriptions.

GAAP to Non-GAAP Reconciliations – Gross Margin

\$ In millions

Non-GAAP gross profit and gross margin:	Q126	
	\$	%
GAAP gross profit and gross margin	\$1,836	74.2%
Share-based compensation-related charges	39	1.6%
Amortization expense of acquired intangible assets	25	1.0%
Litigation-related charges ⁽¹⁾	2	0.1%
Non-GAAP gross profit and gross margin	\$1,902	76.9%

⁽¹⁾ Consists of the amortization of intellectual property licenses and covenant not to sue.
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Operating Margin

\$ In millions

Non-GAAP operating income and operating margin:	Q125		Q225		Q325		Q425		Q126	
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP operating income and operating margin	\$286	13.4%	\$241	10.7%	\$219	9.6%	\$497	19.6%	\$309	12.5%
Share-based compensation-related charges	315	14.7%	344	15.3%	355	15.5%	372	14.6%	387	15.7%
Acquisition-related costs ⁽¹⁾	15	0.7%	10	0.4%	7	0.3%	(142)	-5.6%	5	0.2%
Amortization expense of acquired intangible assets	41	1.9%	43	1.9%	43	1.9%	37	1.5%	39	1.6%
Litigation-related charges ⁽²⁾	(41)	-1.9%	3	0.1%	3	0.1%	4	0.2%	6	0.2%
Non-GAAP operating income and operating margin	\$616	28.8%	\$641	28.4%	\$627	27.4%	\$768	30.3%	\$746	30.2%

⁽¹⁾ Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

⁽²⁾ Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges (credit).
Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – EPS

Non-GAAP net income per share, diluted:	Q125	Q126
GAAP net income per share, diluted	\$0.49	\$0.47
Share-based compensation-related charges	0.46	0.53
Acquisition-related cost ⁽¹⁾	0.02	0.01
Amortization expense of acquired intangibles assets	0.06	0.06
Litigation-related charges ⁽²⁾	(0.06)	0.01
Income tax and other tax adjustments ⁽³⁾	(0.19)	(0.15)
Non-GAAP net income per share, diluted	<u>\$0.78</u>	<u>\$0.93</u>

⁽¹⁾ Consists of acquisition transaction costs, share-based compensation related to the cash settlement of certain equity awards, change in fair value of contingent consideration liability, and costs to terminate certain employment, operating lease, and other contracts of the acquired companies.

⁽²⁾ Consists of the amortization of intellectual property licenses and covenant not to sue, and legal contingency charges (credit).

⁽³⁾ Consists of income tax adjustments related to our long-term non-GAAP effective tax rate.

Fiscal year ends on July 31.

GAAP to Non-GAAP Reconciliations – Adjusted Free Cash Flow

\$ In millions

Free cash flow and adjusted free cash flow (non-GAAP):	Q125	Q126	TTM Q125	TTM Q225	TTM Q325	TTM Q425	TTM Q126
Net cash provided by operating activities	\$1,510	\$1,771	\$3,242	\$3,109	\$3,208	\$3,716	\$3,977
Less: purchases of property, equipment, and other assets	44	84	164	177	208	247	287
Free cash flow (non-GAAP)	\$1,466	\$1,687	\$3,078	\$2,932	\$3,000	\$3,469	\$3,690
Add: capital expenditures for certain corporate assets ⁽¹⁾	-	15	-	-	18	38	53
Add: payments of acquisition-related costs ⁽²⁾	-	11	-	-	-	-	11
Add: litigation related payment ⁽³⁾	-	-	20	20	20	-	-
Adjusted free cash flow (non-GAAP)	\$1,466	\$1,713	\$3,098	\$2,952	\$3,038	\$3,507	\$3,754
<i>Adjusted free cash flow margin (non-GAAP)</i>	<i>68.5%</i>	<i>69.2%</i>	<i>37.4%</i>	<i>34.4%</i>	<i>34.2%</i>	<i>38.0%</i>	<i>39.3%</i>

⁽¹⁾ Consists of a one-time purchase of a corporate asset which is expected to be paid through September 2026.

⁽²⁾ Consists of payments of acquisition transaction costs for the proposed acquisition of CyberArk Software Ltd.

⁽³⁾ Consists of a one-time payment in Q4'24 to settle a litigation-related matter.

Fiscal year ends on July 31.

Thank You

paloaltonetworks.com